

*(summarized)
to DDD for info*

Mr. KING. For your information, Mr. Chairman, ODT expired finally—that included writing reports, and so forth—as of July 1, 1949, and we were not set up in business until after Korea, in October 1950. There was no defense transport organization of any kind in that intervening period.

Mr. PHILLIPS. For how long?

Mr. KING. We were inactive pretty much—I was with Colonel Johnson, as was Mr. Silver—we were inactive, comparatively speaking, from about 1947 until 1949. We had a small staff there, half a dozen people, in the business. Then Mr. Silver left and came back in 1950.

Mr. PHILLIPS. Did the country get along all right?

Mr. KING. Fine.

Mr. PHILLIPS. Thank you, gentlemen.

Mr. THOMAS. Good luck to you all.

TUESDAY, FEBRUARY 16, 1954.

NATIONAL SECURITY COUNCIL

WITNESSES

ROBERT CUTLER, SPECIAL ASSISTANT TO THE PRESIDENT FOR
NATIONAL SECURITY AFFAIRS

JAMES S. LAY, JR., EXECUTIVE SECRETARY

EDWARD R. SAUNDERS, BUDGET OFFICER

Amounts available for obligation

	1953 actual	1954 estimate	1955 estimate
Appropriation or estimate.....	\$155,000	\$220,000	\$215,000
Unobligated balance, estimated savings.....		-5,000	
Obligations incurred.....	155,000	215,000	215,000

Obligations by activities

Policy coordination:

1953.....	\$155,000
1954.....	215,000
1955.....	215,000

*Noted by EBN, WBS, JH
4/15/54/OTR*

Noted by DD/H
73 Mar 54
[Signature]

Obligations by objects

Object classification	1953 actual	1954 estimate	1955 estimate
Total number of permanent positions.....	27	28	28
Full time equivalent of all other positions.....		1	1
Average number of all employees.....	23	26	27
Average salaries and grades:			
General schedule grades:			
Average salary.....	\$5,950	\$6,622	\$6,670
Average grade.....	GS-8.7	GS-9.5	GS-9.5
Crafts, protective, and custodial grades:			
Average salary.....	\$3,230		
Average grade.....	CPC-4		
01 Personal services:			
Permanent positions.....	\$142,985	\$181,203	\$188,177
Other positions.....		11,000	9,000
Regular pay in excess of 52-week base.....		697	723
Payment above basic rates.....	4,287	4,000	4,000
Total personal services.....	147,272	196,900	201,900
02 Travel.....	537	4,500	4,000
04 Communication services.....	2,728	2,500	2,500
06 Printing and reproduction.....	495	1,000	1,000
07 Other contractual services.....	915	2,500	2,500
08 Supplies and materials.....	2,736	2,600	2,100
09 Equipment.....	317	5,000	1,000
Obligations incurred.....	155,000	215,000	215,000

Analysis of expenditures

	1953 actual	1954 estimate	1955 estimate
Unliquidated obligations, start of year.....	\$10,647	\$13,163	\$29,661
Adjustment in obligations of prior years.....	1,003		
Obligations incurred during the year.....	155,000	215,000	215,000
	166,650	228,163	244,661
Deduct unliquidated obligations, end of year.....	13,163	29,661	31,806
Total expenditures.....	153,487	198,502	212,855
Expenditures are distributed as follows:			
Out of current authorizations.....	143,143	187,050	187,050
Out of prior authorizations.....	10,344	11,452	25,805

Mr. PHILLIPS. We have before us representatives of the National Security Council, with Gen. Robert Cutler, who is the Special Assistant to the President, I imagine as spokesman, and accompanying him are Mr. James S. Lay, Jr., executive secretary, and Mr. E. R. Saunders, budget officer.

Do you have a statement you would like to make?

Mr. CUTLER. Yes, sir; if you wish.

Mr. PHILLIPS. Do you wish to make it in full?

Mr. CUTLER. I think it will help if I would go through it.

Mr. PHILLIPS. Suppose we authorize it to be put in the record in full, and then you can use your own judgment as to how closely you want to follow it.

GENERAL STATEMENT

1. With your permission, I should like to make a brief statement explaining the requested appropriation of \$215,000 for the National Security Council for fiscal year 1955. This represents a decrease of \$5,000 below the \$220,000 appropriation for fiscal year 1954. It is estimated that obligations during fiscal year 1954 can be held to \$215,000, the same amount as requested for fiscal year 1955. Based upon experience, the amount of \$215,000 is considered to be the minimum necessary to carry out President Eisenhower's desire for a strong and effective

1. National Security Council, fully capable of performing its statutory function during these critical times when our national security is threatened both at home and abroad.

2. The statutory function of the Council is to advise the President with respect to the integration of domestic, foreign, and military policies relating to the national security and, according to Presidential direction, to coordinate policies and functions of Government agencies relating to the national security. The Council performs this function by recommending to the President the policies and programs which are required for our national security in the light of the world situation facing us. In addition the Council periodically reviews and appraises the entire world situation and the status of all United States security policies and programs in order to recommend any changes therein which may be required by existing or anticipated world developments or by the fiscal and budgetary outlook. The specific programs involved include our foreign relations, military program, defense mobilization program, foreign military and economic assistance, atomic energy, civil defense, stockpiling, foreign information, foreign intelligence and related activities, and internal security.

3. By law, the Joint Chiefs of Staff are the principal military advisers to the National Security Council, as well as to the President and the Secretary of Defense. The Central Intelligence Agency is, by law, under the direction of the National Security Council and is the intelligence adviser to the Council. The Director of the United States Information Agency, established by Reorganization Plan No. 8 of 1953, reports to and receives instructions from the President through the National Security Council or as the President may otherwise direct.

4. The President attaches great importance to the effective functioning of the Council. He has always considered it an agency which can be of major assistance to the Chief Executive in solving the great issues involving our national security. Immediately upon assuming office, he caused a thorough survey to be made with a view to strengthening the Council. On March 17, 1953, he approved a number of recommendations toward this end resulting from that survey. Since that time he has approved various additional steps to make the Council a still more effective organization.

5. Experience during the calendar year 1953 has justified and confirmed President Eisenhower's views and actions regarding the strengthening of the Council. During 1953 the Council, with the President presiding, made a thorough review of our principal policies and programs relating to the national security. The results of this review, and the new policy decisions resulting therefrom, are reflected in the national security programs submitted to the Congress by President Eisenhower and in the many measures being taken to strengthen the security of the Nation both at home and abroad.

6. Some idea of the increase in the Council's activities and workload under the present administration will be gained from the following table:

	Total between Sept. 26, 1947 and Dec. 31, 1953	Total during calendar year 1953	Largest num- ber in any prior year
Council meetings.....	178	51	134
Items on agenda for Council meetings.....	1,001	305	192

¹ Year 1951.

7. The principal organizational measures which have been approved by the President to strengthen the Council's policymaking and staff organization and procedures and which were carried into effect during calendar year 1953, are summarized below:

a. In order to make possible a genuine exchange of ideas and further free discussion, there will not, as a general rule, be more than eight persons who have the right formally to participate as Council members. This number includes statutory members and standing request and ad hoc participant members; but does not include advisers, observers, and the Special Assistant to the President for National Security Affairs and NSC staff members.

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At the present time, the Council's statutory membership consists of the President, the Vice President, the Secretaries of State and Defense, the Director of the Foreign Operations Administration, and the Director of the Office of Defense Mobilization. At the standing request of the President, the Secretary of the Treasury participates in all Council activities, and the Director of the Bureau of the Budget may attend and participate in Council meetings. The Chairman of the Joint Chiefs of Staff, the Director of Central Intelligence, and the Special Assistant to the President for Cold War Planning, attend all Council meetings as advisers. In addition, at the President's direction the heads of other executive departments and agencies participate from time to time with the Council when matters of direct concern to them are under consideration.

b. The Special Assistant to the President for National Security Affairs is the principal executive officer of the National Security Council and serves as Chairman of the Council's Planning Board. He does not have status as a statutory or participant member or preside at Council meetings. He has general supervision over the Council's staff. He briefs the President before each Council meeting on the agenda, and attends all meetings of the Operations Coordinating Board.

c. The principal body for formulation and transmission of policy recommendations to the Council is a Planning Board, composed of members and advisers nominated by the members and advisers of the Council (other than the President and the Vice President) and appointed by the President with the title of "Special Assistant to the (Secretary of State) for NSC Affairs." Each person so appointed:

(1) Has as his principal responsibility, which overrides all other duties and with which no other duty can interfere, his work with the Board, including preparation for and attendance at meetings; yet at the same time continues to be sufficiently in the stream of activity of his department or agency so as to be capable of representing its views.

(2) Has direct access to and the personal confidence of the head of his department or agency.

(3) Has the authority of the head of his department or agency to utilize its resources to perform his Board function.

d. The NSC staff now includes a small special staff to assist in performing, among other, the following duties:

(1) Independent analysis and review of each Planning Board report before its submission to the Council by—

(a) Examination of all documents referred to in the report in order to verify the reference.

(b) Examination of the report to determine that it states the issues comprehensively and clearly; that it develops the subject logically and presents as a standard procedure, the alternative courses of action and the factors which support and which oppose each alternative; and that the conclusions reached are meaningful as operational guidances.

(c) Amendment of the report, in conformity with (a) and (b), before final approval and forwarding by the Planning Board.

(2) Continuous examination of the totality of national security policies with a view to determining if gaps exist which should be filled and if important issues or anticipated developments are sufficiently explored.

(3) Integrated evaluation of the capabilities of the free world versus the capabilities of the Soviet and satellites, and estimates of the situation, in order to bring such evaluations and estimates before the Council.

(4) Providing a chairman or member of, or observer with, ad hoc civilian or civilian-staff committees, and assistance in recruiting such committees.

(5) Keeping currently informed on the status of all national security programs and seeing that reports and pertinent information thereon are currently available.

e. The internal security officer on the NSC staff has been provided with a staff assistant, because of the workload and responsibilities in this vital field of internal security.

f. In order to bring to the Council deliberations a fresh, frequently changing civilian point of view and to gain public understanding of national security problems through the use of civilians of stature, the President from time to time appoints on an ad hoc basis one or more civilian consultants or small civilian committees as informal advisers to the Council or for special tasks. Examples of potential usefulness of civilian consultants or civilian committees:

(1) To consider and report to the Council on some specific new proposal or some long-range general project, after which its report would be reviewed by the departments and agencies concerned.

(2) To review for the Council some proposal developed and recommended by the Planning Board.

(3) To assist in the preparation of special reports for consideration by the Council or for guidance to Council committees.

8. In addition to the above-described policymaking and staff organization, there are committees or boards reporting to the National Security Council which are responsible for coordinating various national security programs:

a. Two of these committees coordinate activities in the field of internal security. One is the Interdepartmental Intelligence Conference (IIC), which is responsible for the coordination of the investigation of all domestic espionage, counterespionage, sabotage subversion, and other related intelligence matters affecting internal security. The IIC is composed of the Director of the Federal Bureau of Investigation (chairman), the Director of Intelligence of the Army, the Director of Naval Intelligence, and the Director of Special Investigations of the Air Force. The other committee is the Interdepartmental Committee on Internal Security (ICIS), which is responsible for coordinating all phases of the internal security field other than the functions under the purview of the IIC. The ICIS is composed of representatives of the Departments of Justice (chairman), State, Defense, and the Treasury.

b. The President, on September 2, 1953, issued an Executive order establishing the Operations Coordinating Board (OCB), which reports to the Council. Whenever the President so directs, after a national security policy (other than those involving internal security functions) has been recommended by the Council and the President has approved it, this Board will undertake to assure that the detailed plans made in the departments and agencies of the Government to carry out the policy are effectively integrated, and are carried out so as to make the maximum contribution to the attainment of national security objectives and to the particular climate of opinion the United States is seeking to achieve in the world. The OCB is composed of the Under Secretary of State (chairman), the Deputy Secretary of Defense, the Director of the Foreign Operations Administration, the Director of Central Intelligence, and a representative designated by the President (Mr. C. D. Jackson, special assistant to the President).

9. I believe that the Council's record to date furnishes ample proof of the desire and intention to keep the NSC staff as small as possible commensurate with its duties of assisting the Council in its important function. When the Council was created in 1947 it was anticipated that a total of 30 career employees might be needed on its staff. Despite the heavy responsibilities placed on the Council by the developing world situation, the Korean situation, our mobilization effort, and their heavy impact upon the national economy, the size of the NSC staff has been kept within this original estimate and appropriations requests have accordingly been kept to a minimum. The latest example of this effort is the reduction of \$5,000 in estimated expenditures during fiscal year 1954 under the appropriations for that year. To continue effectively to meet the increased demands which President Eisenhower is placing upon the Council, however, this budget requests a continuance of a staff of 28 persons.

10. Your approval of an appropriation of \$215,000 is therefore requested so that the staff work for the Council may be effectively performed in line with President Eisenhower's plans and in the interest of our national security.

STATUTORY FUNCTION OF THE COUNCIL

The Council is a statutory board created by the National Security Act of 1947. It has the purpose of integrating foreign and domestic and military security policies and of coordinating the functions of Government that deal with these problems. It is a tool of the President. It assists him in resolving executive policy on security problems. It does not make decisions in and of itself. It is a recommendatory and advisory body to the President.

The specific programs involved are manifold and include foreign relations, the military program, the defense-mobilization program, foreign military and economic assistance, atomic energy, civil defense, stockpiling, foreign information, foreign intelligence and related activities and internal security.

Mr. PHILLIPS. How do these get to the National Security Council? Does the Council think them up itself, or does someone present them to the Council to act upon?

Mr. CUTLER. I was going to develop that, but I will answer it directly now, if you wish.

Mr. PHILLIPS. Follow your own order.

Mr. CUTLER. Let us dispose of that question right now. But I think it would be desirable for me to point out what the Council structure is, because then the answer becomes much more apparent.

INDIVIDUALS PARTICIPATING IN COUNCIL MEETINGS

The Council has six statutory members—the President, the Vice President, Secretary of State, Secretary of Defense, Director of the Foreign Operations Administration, and Director of the Office of Defense Mobilization. It also has three people who come to all of the meetings as advisers—the Chairman of the Joint Chiefs of Staff, the Director of Central Intelligence, and another special assistant of the President, Mr. C. D. Jackson, who advises the President on what we call cold-war planning. So regularly there are at the table, in addition to the 6 statutory members, the 3 advisers and myself, Mr. Lay and Mr. Lay's deputy, who help run the meetings for the President, who presides at the meeting. In addition to that, the President has requested the Secretary of the Treasury to attend all meetings. So, in addition to the 6 statutory members, that makes 7 who attend all meetings.

The Director of the Bureau of the Budget has been asked by the President to come to meetings on those matters that will be of great interest to him. So very frequently we have 8 members of the Council at the table, 3 advisers who theoretically do not speak unless they are spoken to for advice, although we do not observe hard and fast rules, and 3 staff members who assist the President in running the meeting. That makes a total of 14.

Then we ask people who have specific interests in an agenda item to come and participate in that item. We often build up to six different items on the agenda; and the meetings last from 2 to 3 hours, normally. For instance, the Attorney General may be interested in some item relating to internal security; the Secretary of Commerce may be interested in an item relating to East-West trade; the Secretary of the Interior may have an interest in an item relating to petroleum policy, and very frequently the Chairman of the Atomic Energy Commission attends. I would say he comes to 6 or 7 out of every 10 meetings on some item of interest to him.

But we have a tremendous problem of balancing to observe. I am sure you realize if you have more than X number of people sitting at a table when you are discussing very important and sensitive matters, you cannot have full and free discussion. There is this constant pull between having a group small enough so that they can really participate in the kind of full and frank discussion that the President likes and which helps him in what he has to do, and the pressure of lots and lots of people to come to Council meetings. They always want to come and always do come when they are asked.

The Council itself meets every Thursday at 10 o'clock; the Cabinet meeting is Friday at 10 o'clock.

NSC PLANNING BOARD

Directly under the Council is what is called the NSC Planning Board, of which I am Chairman as one of my functions for the President. The Planning Board is made up of representatives, of the rank of Assistant Secretary, of the people who sit at the Council table. As I say, I represent the President as Chairman. The Vice President does not have a representative; but, for example, the Secretary of State is represented by the Director of his Policy Planning Staff; the Secretary of the Treasury is represented by his General Counsel; the Secretary of Defense is represented by Assistant Secretary Nash, and so on through the other members. The Planning Board meets three times a week—Mondays, Wednesdays, and Thursdays, and our meetings run from 3 to 5 hours.

Mr. PHILLIPS. Three times a week?

Mr. CUTLER. That is right. We have one meeting in the afternoon directly after the Council meeting in the morning.

This is the body through which all of the papers to be considered by the Council must pass and it works them into a form where they are appropriate for Council consideration. I do not mean to say that at a Council meeting someone is not free to bring up something, if there is an emergency or there is some reason for bringing it up, without having it on the agenda and properly prepared. But those of you who are familiar with things of this kind know that, unless you have a sensitive and highly confidential and important subject thoroughly worked over by the representatives of the departments and agencies who are interested in the problem, and out of that work is prepared a very carefully worded statement—not necessarily always agreed to, but representing the best views of the departments and agencies expressed as well as possible—if you do not have that type of paper, then you do not have the most profitable discussion at the Council meeting.

Theoretically, it should work like this. The idea of an issue to be presented to the Council may be germinated by the President, by a memorandum to me; it may germinate in the Council out of a discussion we have on some issue; it may come from a department or agency; it may come out of our little Council staff, or may come from almost anywhere as long as it is a good idea and the President thinks we ought to pursue it. Then we take up the idea in the Planning Board and the principal agency or a committee composed of representatives of several agencies interested in this subject are asked to make an initial staff study; that is, to get all of the facts together and see what there is about this issue that must be known before one can come to grips with forming policy. Then the staff paper is prepared; composed of the staff study, sometimes with a draft of a policy statement attached to it. The staff study may be 20, 30, 40, 50, or 60 pages presenting a full, comprehensive treatment of the issue. A policy statement normally is only 10 pages long, and that is based upon the staff study.

The Planning Board meets. We have an agenda set up for all of our meetings, and try to schedule them a month ahead, so the full work schedule will be before everybody and they can prepare for it. We will consider a paper, as we did yesterday—we had a meeting from

2 until 10 minutes to 7, and we were discussing a paper which had been prepared by an ad hoc committee which knows the most about this subject, and they had prepared a 35-page paper and, in the course of those 5 hours of hard, tightly knit, searching discussions, we got about 20 pages of it worked over and corrected and in conformity with our ideas, searching out errors, trying to make it express most meaningfully the points at issue. Then it will come back to the Planning Board next week, and then comes back the third week, and the third week we are hopeful we will have it in shape to put in front of the Council.

PERSONAL SERVICES

Mr. PHILLIPS. Suppose you tell us the difference between the program you are describing now for the year 1955, so far as its cost is concerned, and in 1954 and the preceding year.

I notice personal services for 1953 amounted to only \$147,272; in the current year you expect to spend \$196,000; and you are asking for \$201,900 for next year. Why has this program or system you describe increased \$50,000 or \$60,000?

Mr. CUTLER. May I answer that in two ways? The first way is this, that the President has attached to the efficient operation of the National Security Council a primary concern. He has been very much interested in making the Council a more effective instrument, as he considered it should be, to advise him, and to bring his principal advisers into meetings with him on these important topics.

If you will look at page 3 of my little statement, which I did not get a chance to mention, this illustrates one reason for the rise in expenditures. You see there have been 178 Council meetings since the Council began in September of 1947, through the calendar year 1953 and, of those 178 meetings, 51, or about one-third, were held last year. The largest number in any prior year was 34.

On agenda items—this is the record of actions of the Council in the year 1953—there have been 1,001 in that period of 6 $\frac{1}{3}$ years, and 305, or 30 percent, were taken in the year 1953.

In other words, the work of the Council has about doubled over the year 1952 in the year 1953.

Mr. PHILLIPS. How many employees do you have for next year on the payroll of \$201,900? I take it that the members of your staff, all of your task force, are paid out of their own departments.

Mr. CUTLER. The staff of the Council, Mr. Phillips, is 28. I am not on the Council staff. I and my 2 secretaries are on the White House staff. The Council staff consists of 11 people who are secretarial, who run our mimeographing, and so forth—you see, all of our material has to be processed by ourselves; everything we touch is of a most sensitive and secret nature, and it has to be distributed by our people—then we have 11 people, beginning with Mr. Lay, who is the head of the staff, and running down through people who do the various thinking pieces of work to help me in the discharge of these responsibilities, and 6 administrative assistants.

Mr. PHILLIPS. You have an average salary of \$7,210.

Mr. CUTLER. They are very high-grade people. They should be. The permanent staff of the Council should be civil servants of the highest character, the highest intelligence. They deal with the top-

• most secrets in the Government; they work closely with the top people in the Government.

Mr. PHILLIPS. How can you get people like that off of the civil-service list?

Mr. JONAS. He said civil servants, not civil service.

Mr. CUTLER. Everybody who comes to work for the Council is given a full-scale security investigation.

Mr. PHILLIPS. Then they are not under civil service?

Mr. CUTLER. Some of them are.

Mr. LAY. They are under schedule A of Civil Service, which is an exempted list.

Mr. THOMAS. Even the clerical force, too?

Mr. LAY. That is right. This was authorized at the very beginning of the Council for security reasons and because of the need for a very careful check.

Mr. PHILLIPS. Then you do not take your people off the civil-service list, but once you have secured your personnel they go under schedule A, in order to give them the same salary which would be paid them if they were under civil service?

Mr. LAY. That is right. We use very rigidly the civil service standards for people in those various positions as regards their qualifications.

RELATIONSHIP WITH OTHER AGENCIES CONCERNED WITH NATIONAL SECURITY ISSUES

Mr. PHILLIPS. What is your relationship to the other organizations, then—the ODM, or any other organization which has some relation to national security?

Mr. CUTLER. Well, the National Security Council is the statutory body which advises the President of the United States on matters of national security policy in order to assist him in forming them. If there are agencies in the executive branch that touch on those matters, they are members of the Council, like the Director of ODM and the Director of FOA, and they have representatives on the Planning Board. Also, by statute, the CIA reports to the Council; the Operations Coordinating Board reports to the Council. And we have two standing committees which are referred to in my story on page 8—the Interdepartmental Intelligence Conference, which has on it Mr. Hoover as chairman, and the Directors of Security of the Army, Navy, and Air Force. They are engaged in coordination for all investigatory matters. The other committee is the Interdepartmental Committee on Internal Security, which is composed of people from Justice, State, Defense, and Treasury at a high level.

Now you asked what is our relation with it. This very small statutory body is really a little weapon in the hands of the President that he uses to help him in formulating those big policy decisions.

AMOUNT OF BUDGET REQUEST

We are requesting the same amount we expect to spend this year. You asked me why we need as much as last year.

Mr. PHILLIPS. I think you are asking for more money. You are asking for a figure which is the same, but am I right that you expect us to reappropriate the \$5,000, or will that go back into the Treasury?

Mr. CUTLER. No; we are not spending as much. We asked for \$220,000 for fiscal 1954, and we have now estimated we will spend \$215,000. If we do not spend it, we will return it. We are not trying to get any more money than we need.

INCREASE IN PERSONAL SERVICES

Mr. PHILLIPS. You have reduced supplies and materials by \$500, and also have reduced equipment, which is understandable, by \$4,000. So, by those two items alone you have increased the personnel by \$4,500—just in those two items.

Mr. CUTLER. You see, the President, when I came down here, wanted me to respond to his interest in making the Council the type of organization he wanted to help him. I said "All right; I will come down here and do that; give up what I am doing in civil life." He said to look into the Council operation for a couple of months, make recommendations to him as to what I thought should be done to improve it, make it more efficient, make it more the way he would like to have it. And I made those recommendations in the fiscal year 1953, in March of last year. Then slowly we began implementing it. We took on 4 or 5 more people—I cannot remember now how many—better to assist me in doing twice as much work as the Council had done before. So instead of taking \$155,000, we estimated it would cost \$220,000. Now we find we can do it for \$215,000 and I think it will cost the same amount next year. We cannot be exact on it, because part of our burden is the extent to which the President wishes to use civilian consultants.

Mr. LAY. May I detail the answer to the question you asked as far as figures are concerned?

Mr. PHILLIPS. You have actually shifted \$5,000 from what would be a one-time appropriation, over into personnel, which is an appropriation from year to year. So you have actually increased operating expenses.

Mr. LAY. A substantial portion of that increase in personal services will be in-grade promotions. We have many career people who are reaching higher levels in their grades.

That reduction in supplies and materials and equipment is due to the fact that, because of the increased personnel we had at the beginning of last year, we had to buy new desks, safes, and so forth.

Mr. PHILLIPS. That is understandable. I am just saying it is actually building up the annual cost of operation.

TRAVEL EXPENSE

How about this amount, \$4,000, for travel, if you are all located right here in Washington?

USE OF CONSULTANTS

Mr. CUTLER. That is for consultants. As you will see from this paper of mine, the President has an idea he wishes from time to time to have qualified people who are not burdened with department re-

responsibilities come in, and with presumably a fresh viewpoint, look at some of the things we are doing in the Council, after they have been properly briefed and cleared, and give us a little different point of view than you get here in Washington.

Mr. PHILLIPS. If this is such a secret and technical operation, who are the specialists that come in and the Council would need?

Mr. CUTLER. There are a great many people, you know, who have a quite highly specialized knowledge, like Jimmy Doolittle, Vannevar Bush and people who formerly held positions in the Government, men of broad experience. And we have all kinds of problems. For instance, the national petroleum policy does not necessarily need to have someone who is an expert in Government, but needs one who has a good head on him and has had broad experience in dealing with petroleum questions. And there are people who have been skilled in many different fields. For instance, the president of Williams College was down here as a consultant for a while. He wrote a book, you remember, Scientists Against Time, it was called, I think, during the war. And sometimes it is just to get the opinion of somebody who is not burdened with departmental responsibilities. Fortunately, most of these people are patriotic and they have not charged us very much for their work.

JUSTIFICATION OF ESTIMATES

Mr. PHILLIPS. We will insert pages 1, 2, 3, 4, and 5 of the justifications at this point in the record, with the understanding that it does not duplicate material in the introductory statement of General Cutler.

Mr. CUTLER. I do not think it does.

BUDGET JUSTIFICATION, FISCAL YEAR 1955

The National Security Council was established pursuant to Public Law 253, title I, section 101, 80th Congress, approved July 26, 1947, as amended by section 3 of Public Law 216, 81st Congress, approved August 10, 1949, and by section 501 (e) of Public Law 165, 82d Congress, approved October 10, 1951. By Reorganization Plan No. 4, effective August 20, 1949, the Council was transferred to the Executive Office of the President. The statutory function of the council is to advise the President with respect to the integration of domestic, foreign, and military policies relating to the national security so as to enable the military services and other departments and agencies of the Government to cooperate more effectively in matters involving the national security. Subject to direction by the President, it is the responsibility of the council to assess and appraise the objectives, commitments and risks of the United States in relation to our actual and potential military power, to consider policies in matters of common interest to the departments and agencies of the Government, and to make such recommendations and such other reports to the President as it deems appropriate or as the President may require.

According to statutory provisions the council is composed of the President, the Vice President, the Secretary of State, the Secretary of Defense, the Director of the Foreign Operations Administration, and the Director of the Office of Defense Mobilization; and the Secretaries and Under Secretaries of other executive departments and of the military departments, the chairman of the Munitions Board, and the chairman of the Research and Development Board, when appointed by the President by and with the advice and consent of the Senate, to serve at his pleasure. By law, the Joint Chiefs of Staff are the principal military advisers to the National Security Council. In addition, the Central Intelligence Agency is, by law, under the direction of the National Security Council and is the intelligence adviser to the Council. The statute also provides that the Council shall have a staff headed by a civilian Executive Sec-

retary appointed by the President, with such other personnel as may be authorized by the Council.

The concept of the National Security Council is that of an advisory staff for the President on all major policies affecting the national security. Accordingly, the Council performs its functions of advising the President by submitting for his consideration policy recommendations representing an integrated assessment and appraisal of our overall objectives, commitments, and risks in the light of our military and other capabilities. These recommendations represent the coordination of the various points of view of all appropriate executive departments and agencies.

President Eisenhower attaches great importance to the effective functioning of the National Security Council. He believes that it can be of major assistance to the Chief Executive in determining the great issues involving national security during these critical times. Accordingly, after careful study and experience, the President has directed numerous steps to be taken with a view to strengthening the Council, the results of which are reflected in the following description of the Council's organization and procedures:

1. Participation in council meetings

In addition to the above-cited statutory members, the President has directed that the Secretary of the Treasury participate in all Council activities and that the Director of the Bureau of the Budget attend all Council meetings. The Chairman of the Joint Chiefs of Staff, the Director of Central Intelligence, and the Special Assistant to the President (Mr. C. D. Jackson) attend all Council meetings as advisers. Moreover, at the President's direction, the heads of other executive departments and agencies participate from time to time with the Council when matters of direct concern to them are under consideration. The Special Assistant to the President for National Security Affairs, the Executive Secretary, and the Deputy Executive Secretary attend all Council meetings as staff, while other officials may be designated by the President from time to time to attend meetings as observers.

The Council meets regularly in the Cabinet Room of the White House once each week, with the President presiding or, in his absence, the Vice President. A written agenda and reports to be considered are circulated well in advance of each meeting.

2. Civilian consultants and civilian committees

In order to bring to the Council deliberations a fresh, frequently changing civilian point of view and to gain public understanding of national security problems through the use of civilians of stature, from time to time the President may appoint on an ad hoc basis one or more civilian consultants or small civilian committees as informal advisers to the Council. As a general rule, a civilian consultant will not formally participate in a Council meeting and a civilian committee will appear at a Council meeting only when its report is presented.

3. Executive officers of the Council

The Special Assistant to the President for National Security Affairs is the principal executive officer of the National Security Council and serves as Chairman of the Council's Planning Board. He does not have status as a statutory or participant member or preside at Council meetings. He is appointed by the President on the White House staff.

There is an Executive Secretary appointed by the President and compensated at \$15,000 a year. Under the supervision of the Special Assistant, the Executive Secretary is the head of the NSC staff, acts for the Special Assistant in his absence, and advises and aids him in the performance of his duties.

There is a Deputy Executive Secretary (GS-18 proposed) who, in addition to advising and aiding the Executive Secretary and acting for him in his absence, is the head of the NSC special staff.

4. Planning Board of the Council

The Planning Board is the principal body for formulation and transmission of policy recommendations to the Council and, in carrying out this responsibility, performs the following functions:

(a) Anticipates and identifies problems and situations affecting the security objectives, commitments, and risks of the United States, and initiates action to provide the required analyses and draft policy statements for the consideration of the Council.

(b) Facilitates the formulation of policies, during the process of drafting policy recommendations, by marshaling the resources of the respective departments and agencies; by identifying the possible alternatives; by endeavoring to achieve acceptable agreements; by discussing differences; by avoiding undesirable compromises which conceal or gloss over real differences; and by reducing differences to as clearly defined and narrow an area as possible prior to reference to the Council.

The membership of the Planning Board consists of the following:

Members:

Special Assistant to the President (Chairman)
Department of State
Department of the Treasury
Department of Defense
Foreign Operations Administration
Office of Defense Mobilization

Advisers:

Office of the Joint Chiefs of Staff
Central Intelligence Agency
Operations Coordinating Board

Staff:

Executive Secretary
Deputy Executive Secretary
Coordinator, Board Assistants

5. National Security Council staff

The National Security Council staff performs the following duties:

(a) Furnishing the secretariat for the Council, including the preparation of the agenda, record of actions, and status of projects, reproducing and distributing papers for the Council, and maintaining the official Council files.

(b) Acting as the official channel of communication for the Council, including notifying agencies of assignments to carry out approved policies.

(c) Briefing the Vice President before each Council meeting on matters covered by the agenda and providing him with such other staff assistance on NSC matters as he may desire.

In addition, the NSC staff has been strengthened by the creation of a small special staff to assist in performing, among others, the following duties:

(a) Independent analysis and review of each Planning Board report before its submission to the Council by:

(1) Examination of all documents referred to in the report in order to verify the reference.

(2) Examination of the report to determine that it states the issues comprehensively and clearly; that it develops the subject logically and presents, as a standard procedure, the alternative courses of action and the factors which support and which oppose each alternative; and that the conclusions reached are meaningful as operational guidance.

(3) Amendment of the report, in conformity with (1) and (2) above, before final approval and forwarding by the Planning Board.

(b) Continuous examination of the totality of national security policies with a view to determining if gaps exist which should be filled and if important issues or anticipated developments are sufficiently explored.

(c) Continuing integrated evaluation of the capabilities of the free world versus the capabilities of the Soviet and satellites, and estimates of the situation, in order to bring such evaluations and estimates before the Council.

(d) Providing a chairman or member of, or observer with, ad hoc civilian or civilian-staff committees and assistance in recruiting such committees.

(e) Keeping currently informed on the status of all national security programs and seeing that reports and pertinent information thereon are currently available.

(f) Maintaining, for the Special Assistant to the President for National Security Affairs, continuous liaison with the staff of the Operations Coordinating Board in order to assist in assuring coordination between the work of the Council and the Board.

The above-numbered paragraphs describe the Council's policymaking and staff organization and procedures, which this budget request is designed to support. In addition, there are committees or boards reporting to the Council which are responsible for coordinating various national security programs.

Two of these committees coordinate activities in the field of internal security. One is the Interdepartmental Intelligence Conference (IIC), which is responsible for the coordination of the investigation of all domestic espionage, counter-espionage, sabotage, subversion, and other related intelligence matters affecting internal security. The IIC is composed of the Director of the Federal Bureau of Investigation (Chairman), the Director of Intelligence of the Army, the Director of Naval Intelligence, and the Director of Special Investigations of the Air Force. The other committee is the Interdepartmental Committee on Internal Security (ICIS), which is responsible for coordinating all phases of the internal security field other than the functions under the purview of the IIC. The ICIS is composed of representatives of the Departments of Justice (Chairman), State, Defense, and the Treasury.

On September 2, 1953, the President took a further step toward increasing the effectiveness of the Council, by issuing an Executive order establishing the Operations Coordinating Board (OCB), which reports to the Council. Whenever the President so directs, after a national security policy (other than those involving internal security functions) has been recommended by the Council and the President has approved it, this Board will undertake to assure that the detailed plans made in the departments and agencies of the Government to carry out the policy are effectively integrated, and are carried out so as to make the maximum contribution to the attainment of national security objectives and to the particular climate of opinion the United States is seeking to achieve in the world. The OCB is composed of the Under Secretary of State (Chairman), the Deputy Secretary of Defense, the Director of the Foreign Operations Administration, the Director of Central Intelligence, and a representative designated by the President (Mr. C. D. Jackson, special assistant to the President).

An appropriation of \$220,000 was authorized for fiscal year 1954. It is estimated that obligations during the year will be reduced to \$215,000, resulting from estimated savings of \$5,000 due to lower average employment than originally estimated (\$2,958), lesser temporary employment (\$3,800), and consultant travel (\$500), which is partially offset by increased overtime (\$1,658) and other object items of expenditure (\$600).

PERSONAL SERVICES

Mr. JONAS. Mr. Cutler, you started to tell us something about your 28 positions, and you told us 11 were clerical. What are the others?

Mr. CUTLER. Eleven are clerical; 6 are administrative assistants and the 11 who assist in the thinking. Mr. Lay and Mr. Gleason, Deputy Executive Secretary, are two. Mr. Coyne and his assistant, Mr. Brigham, who deal with internal security, advise in that area which is coordinated through NSC.

Mr. Boggs assists in the technical putting together of the Planning Board papers. After we have had 5 hours of argument, somebody has to clear up the wreckage. We cannot sit down and finish every sentence and write it out, and he has the assistance of personnel from the executive agencies who help him to do that work.

Then Mr. Johnson is in charge of getting out of all of this secret material. There are, of course, a great many revisions that have to be done over, and a good many papers that go out every week, mostly to members and their coworkers.

Then I have a small special staff of 4 or 5 fellows who assist me in making sure that when we are studying a particular paper we are not missing any points; that we are checking everything back to the original source, that we are expressing them in the most meaningful way. We allocate among these five people all of the papers we are studying. If I were as good as I should be, probably I would not need all of those people, but I work 12 hours a day and I find I need some people to go through those papers with me, point out some of the high points that we must cover in the discussions and see that the papers,

when we finish with them, are as well and as meaningfully expressed as possible.

One thing we have done—we now attach a financial appendix to the policy papers when we send them up to the Council. To get that information for the financial appendixes into recognizable form, understandable form, is quite a task. We have one man who has had a background in business who assists me principally on this. I want the Council to realize, when they are adopting a policy, what we estimate its cost will be over a period of years and where all of the funds will come from.

Mr. YATES. Mr. Cutler, how many of your staff are under civil service?

Mr. LAY. 27 of them out of 28 are under schedule A of the civil-service regulations. My position is a statutory Presidential appointment. All the remainder are under schedule A of civil service.

Mr. YATES. Has the staff materially changed in the last year? What changes have taken place?

Mr. LAY. Primarily the recruitment of the special staff General Cutler was just mentioning, of the additional people to do that work for him. There has been, of course, some small turnover in the clerical people, but no substantial change except for the addition of the special staff.

Mr. CUTLER. We find various ladies on the clerical staff wishing to get married, wishing to have babies, and wishing to have a home of their own, and therefore severing their employment with us during the year.

Mr. YATES. But no part of the appropriation goes for that.

Mr. CUTLER. No; but we have to get somebody to take their place. There was no change in the higher personnel for those reasons.

INTERNAL SECURITY COMMITTEES

Mr. YATES. I notice you have two internal security committees operating within the National Security Council. That is correct, is it not?

Mr. CUTLER. That is correct. That is told on page 8 of my little memorandum.

Mr. YATES. Do these committees have supervisory jurisdiction over internal-security problems affecting Government agencies?

Mr. CUTLER. They are interdepartmental committees that coordinate the work, so that it won't be duplicated.

Mr. THOMAS. He asked whether you have any supervision over them. The answer is no, you do not.

Mr. CUTLER. If we have supervision over them?

Mr. YATES. Yes.

Mr. CUTLER. They report to the Council.

Mr. YATES. All Government agencies report to the Council?

Mr. CUTLER. I thought you said these two committees.

Mr. YATES. The committees report to the Council?

Mr. CUTLER. That is right.

Mr. YATES. Now do these two committees receive reports from all Government agencies with respect to internal-security problems?

Mr. CUTLER. I do not think so.

Mr. LAY. May I take one example. The Interdepartmental Intelligence Conference is one of those two committees. Mr. J. Edgar Hoover is Chairman and the other 3 members are the Security Chiefs of the 3 Armed Forces; the Assistant Chief of Staff, G-2 of the Army, and Naval Intelligence, and the Office of Special Investigations of the Air Force. The function of that committee is to coordinate the investigative work between the military and civilian.

Mr. YATES. This does not pertain; however, to the operations of the security program in the Government agencies themselves? This would pertain to the attempt to prevent sabotage and control any subversives outside of Government?

Mr. LAY. They also coordinate and develop investigative work leading to security.

Mr. YATES. Is not that primarily the function of your second internal security committee, though, that handles security inside of the Government itself?

Mr. LAY. The one I was speaking of deals in the investigative field, in coordinating that work. The other committee does coordinate the other activities in the internal security field, other than investigative work, and they work on such matters as security against sabotage and improving the means of physical security for installations. They deal in personnel security matters, in problems concerning the patrolling of our borders to protect us against unconventional attack, etc.

Mr. YATES. These two committees are the highest policy committees in our Government?

Mr. LAY. In the internal security field.

Mr. CUTLER. They do not make policy; they are interdepartmental coordinating committees, so that these bodies may be brought together in a coordinated way.

STATUTORY POWERS OF THE COUNCIL

Mr. YATES. Those people exchange information, then. Who makes the policy?

Mr. CUTLER. The President makes the policy on the recommendation of the Council.

Mr. PHILLIPS. The general keeps saying the Council does not make policy.

Mr. CUTLER. That is true.

Mr. PHILLIPS. Actually the Council presents the results of its conclusions in a form which will be a policy when the President approves it.

Mr. YATES. They make recommendations to the President?

Mr. CUTLER. That is right.

Mr. PHILLIPS. They lay down the piece of paper and the President puts his O. K. on the piece of paper, and then it is policy.

Mr. CUTLER. If you look at the statute, you will see the statutory powers of the Council, as I said, are advisory and recommendatory.

Mr. YATES. Referring to the Executive order for the dismissal of security risks in our Government, while it is true, I think, that the Executive order was issued by order of the President, was that upon the recommendation of the National Security Council?

Mr. CUTLER. I do not believe that was presented to the Council before it went up to the President. It was prepared by the Attorney General.

Mr. YATES. You made no recommendation on it at all?

Mr. CUTLER. I do not remember now. That was last year. I do not remember whether we did, or did not.

Mr. YATES. I was under the impression that on matters of internal security in Government agencies, the National Security Council would take some recommendatory action on it?

Mr. CUTLER. I do not recall that it was presented to the Council—that particular paper.

INVESTIGATIONS UNDER EXECUTIVE ORDER NO. 10450

Mr. YATES. When the Civil Service Commission was before the subcommittee, it was testified there were 3,300 pending investigations of cases under the latest security order. I forget which number that was.

Mr. CUTLER. The order of last spring is No. 10450.

Mr. YATES. Do you know how many of those people are still working in the Government, and how many have been dismissed?

Mr. CUTLER. The only function which the Council has with reference to that order is as stated in section 14 of that order. We receive from the Civil Service Commission periodic reports as described in the order. Those periodic reports relate to two topics. One is deficiencies in the departments' and agencies' security programs established under this order which are inconsistent with the interest of, or directly or indirectly weaken national security, and (2) tendencies in such programs to deny to individual employees fair, impartial, and equitable treatment at the hands of the Government in their rights under the Constitution or laws of the United States, or this order.

In due course, I suppose, we are going to receive from the Civil Service Commission a report in accordance with this section 14.

Mr. YATES. Has the Civil Service Commission furnished you with a report which would show the reasons for the firing of the two-thousand-two-hundred-plus employees who were dismissed for security reasons?

Mr. CUTLER. No. Its report would be due, I think, in March. We would expect to get a report from them in March.

Mr. PHILLIPS. Thank you very much, General.

GOVERNMENT-OWNED BUILDINGS IN FOREIGN COUNTRIES

(The following information was requested on page 374:)

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington 25, February 11, 1954.

HON. JOHN PHILLIPS

*Chairman, Independent Offices Subcommittee,
Committee on Appropriations, House of Representatives.*

MY DEAR MR. CHAIRMAN: At our recent hearing before your subcommittee, you asked for information concerning the foreign-building program of the State Department. The Deputy Director, Foreign Buildings Operations, Department of State, was requested to furnish a complete reply to your specific questions, based on a copy of a part of the transcript which was made available to him. His

report is enclosed. If you wish a more specific or detailed report, I will be glad to undertake an examination of the Department's records for that purpose.
Sincerely yours,

LINDSAY C. WARREN,
Comptroller General of the United States.

DEPARTMENT OF STATE,
Washington, January 26, 1954.

Mr. WILLIAM ELLIS,
*Chief of Investigations, General Accounting Office,
Washington, D. C.*

DEAR MR. ELLIS: In accordance with conversations with Mr. Seymour of your office, there is given below the information it is believed Mr. Phillips and Mr. Wigglesworth appear to require.

1. ROTHSCHILD PROPERTY, PARIS

This property was acquired for \$1,984,307.45 and required repairs of \$131,926.82. The purpose of this acquisition was eventually to construct a new embassy residence. Meanwhile, the property has been used to provide offices for United States agencies in Paris which it is estimated would cost \$70,000 annually if such office space was acquired by lease in that city.

Since the President's economy directive, the Department has reconsidered the eventual use of this property for an embassy residence, and currently it is planned that at such time as the United States Government agencies presently occupying the premises no longer require this space, the property will be sold.

2. BUILDING PROGRAM AUTHORIZATIONS

Under the Foreign Service Buildings Act of 1926, the Department of State, for the period 1926 through fiscal year 1947, expended \$12,500,046 and held 128 building properties. This act was amended by Public Law 547, 79th Congress, approved on July 25, 1946, which authorized the Department of State to utilize credits held by the United States abroad for acquiring properties. Since the amendment, for the period fiscal years 1926 to June 30, 1953, inclusive, the Department has expended a total of \$124,743,349. On June 30, 1953, the Department held 928 properties abroad. Of this amount \$106,750,752 was financed through the utilization of foreign credits held by the United States Government. The foregoing excludes the building program for Germany which is given below.

BUILDING PROGRAM, GERMANY

With funds available to the High Commissioner's Office in Germany, 458 apartment units, 5 residences for representational use, and other necessary buildings were constructed in Bonn, Germany.

Recently, an agreement was entered into with the Republic of Germany whereby 100 apartment units in Bonn would be made available during the calendar year 1954 to the German government in return for an equivalent number at consular posts required by the United States Government. Copies of this agreement together with an annex of this agreement are attached as exhibit No. 2.

For the fiscal year 1954, \$5,348,000 was appropriated to the "Government in occupied areas" which amount was available for transfer to the appropriation "Acquisition of buildings abroad" for the acquisition of sites and building construction for consular activities in Germany. This gave a total \$7,655,000 for this program which includes the amount available in prior years. In view of the exchange agreement with Germany mentioned above, it was decided to eliminate the staff housing program with the exception of 17 units at Bremen, now under construction, and the Munich staff housing project which presently is suspended. Accordingly, the cost of the German program has been reduced so that a possible total savings of \$2,176,600 may be effected. These savings are to be placed in reserve in accordance with instructions by the Bureau of the Budget and will be subject to the apportionment process which is controlled by the Bureau of the Budget.